

Introduced by Senator McClintock

December 4, 2000

Senate Constitutional Amendment No. 1—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by repealing Section 15 of Article XI thereof, by amending Section 3 of Article XIII thereof, and by adding Article XXIII thereto, relating to vehicle license fees.

LEGISLATIVE COUNSEL'S DIGEST

SCA 1, as introduced, McClintock. Vehicle license fees.

The Vehicle License Fee Law establishes, in lieu of the ad valorem property tax upon vehicles, a license fee upon any vehicle that is subject to registration in this state in the amount of 2% of the market value of the vehicle, as determined or redetermined by the Department of Motor Vehicles. Existing law permanently offsets the amount of the vehicle license fee for each subject vehicle by 25%, and, subject to specified contingencies with respect to fiscal year projections of General Fund revenues, provides for the implementation of similar, superseding offsets of 35%, 46.5%, 55%, and 67.5% to apply to specified future calendar years. Notwithstanding those offset provisions, the Vehicle License Fee Law provides for a minimum vehicle license fee offset of 35% in 2001 and 2002, an additional offset in those same years that results in a combined offset of 67.5%, and a single vehicle license fee offset of 67.5% for 2003 and each year thereafter. The California Constitution requires that the revenues derived from the vehicle license fee, other than fees on trailer coaches and mobilehomes, be allocated to counties and cities in accordance with statute, after deductions of collection costs and refund amounts.

This measure would, on and after January 1, 2003, preclude the imposition upon a vehicle of any vehicle license fee, or any other tax in lieu of an valorem property tax. This measure would also exempt vehicles subject to registration in this state from ad valorem property taxation. This measure would annually transfer state sales and use tax revenues to the Local Government Independence Fund, which this measure would create, in an amount determined upon the basis of the vehicle license fee revenues lost as a result of this measure. This measure would appropriate these transferred revenues to the Controller for allocation among counties and cities in the manner required by the Vehicle License Fee Law as of January 1, 2002.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

1 *Resolved by the Senate, the Assembly concurring,* That the
2 Legislature of the State of California at its 2001–2002 Regular
3 Session commencing on the fourth day of December 2000,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended as follows:

7 First—That this measure shall be known as the “Stop the Car
8 Tax” measure.

9 Second—That Section 15 of Article XI is repealed.

10 ~~SEC. 15. (a) All revenues from taxes imposed pursuant to~~
11 ~~the Vehicle License Fee Law, or its successor, other than fees on~~
12 ~~trailer coaches and mobilehomes, over and above the costs of~~
13 ~~collection and any refunds authorized by law, shall be allocated to~~
14 ~~counties and cities according to statute.~~

15 ~~(b) This section shall apply to those taxes imposed pursuant to~~
16 ~~that law on and after July 1 following the approval of this section~~
17 ~~by the voters.~~

18 Third—That Section 3 of Article XIII is amended to read:

19 SEC. 3. The following are exempt from property taxation:

20 (a) Property owned by the State.

21 (b) Property owned by a local government, except as otherwise
22 provided in *subdivision (a) of Section 11(a) 11*.

23 (c) Bonds issued by the State or a local government in the State.

24 (d) Property used for libraries and museums that are free and
25 open to the public and property used exclusively for public
26 schools, community colleges, state colleges, and state universities.

1 (e) Buildings, land, equipment, and securities used exclusively
2 for educational purposes by a nonprofit institution of higher
3 education.

4 (f) Buildings, land on which they are situated, and equipment
5 used exclusively for religious worship.

6 (g) Property used or held exclusively for the permanent deposit
7 of human dead or for the care and maintenance of the property or
8 the dead, except when used or held for profit. This property is also
9 exempt from special assessment.

10 (h) Growing crops.

11 (i) Fruit and nut trees until ~~4~~ *four* years after the season in which
12 they were planted in orchard form and grape vines until ~~3~~ *three*
13 years after the season in which they were planted in vineyard form.

14 (j) Immature forest trees planted on lands not previously
15 bearing merchantable timber, or planted or ~~of natural growth~~
16 *naturally growing* on lands from which the merchantable original
17 growth timber stand *has been removed* to the extent of 70 percent
18 of all trees over 16 inches in diameter ~~has been removed~~. Forest
19 trees or timber shall be considered mature ~~at such time~~ after 40
20 years from the time of planting or removal of the original timber
21 when so declared by a majority vote of a board consisting of a
22 representative from the State Board of Forestry, a representative
23 from the State Board of Equalization, and the assessor of the
24 county in which the trees are located.

25 The Legislature may supersede the foregoing provisions with an
26 alternative system or systems of taxing or exempting forest trees
27 or timber, including a taxation system not based on property
28 valuation. Any alternative system or systems shall provide for
29 exemption of unharvested immature trees, ~~shall~~ encourage the
30 continued use of timberlands for the production of trees for timber
31 products, and ~~shall~~ provide for restricting the use of timberland to
32 the production of timber products and compatible uses with
33 provisions for taxation of timberland based on the restrictions.
34 Nothing in this paragraph shall be construed to exclude timberland
35 from the provisions of Section 8 ~~of this article~~.

36 (k) \$7,000 of the full value of a dwelling, as defined by the
37 Legislature, when occupied by an owner as his *or her* principal
38 residence, unless the dwelling is receiving another real property
39 exemption. The Legislature may increase this exemption and may
40 deny it if the owner received state or local aid to pay taxes either

1 in whole or in part, and either directly or indirectly, on the
2 dwelling.

3 No increase in this exemption above the amount of \$7,000 shall
4 be effective for any fiscal year unless the Legislature increases the
5 rate of state taxes in an amount sufficient to provide the
6 subventions required by Section 25.

7 If the Legislature increases the homeowners' property tax
8 exemption, it shall provide increases in benefits to qualified
9 renters, as defined by law, comparable to the average increase in
10 benefits to homeowners, as calculated by the Legislature.

11 (l) Vessels of more than 50 tons burden in this State and
12 engaged in the transportation of freight or passengers.

13 (m) Household furnishings and personal effects not held or
14 used in connection with a trade, profession, or business.

15 (n) Any debt secured by land.

16 (o) (1) Property in the amount of \$1,000 of a claimant ~~who—~~
17 ~~(1) is who meets all of the following conditions:~~

18 (A) *Is* serving in or has served in and has been discharged under
19 honorable conditions from service in the United States Army,
20 Navy, Air Force, Marine Corps, Coast Guard, or Revenue Marine
21 (Revenue Cutter) ~~Service; and—~~

22 ~~(2) served either Service.~~

23 (B) *Served in any of the following:*

24 (i) ~~in~~ *In* time of war, ~~or.~~

25 (ii) ~~in~~ *In* time of peace in a campaign or expedition for which
26 a medal has been issued by Congress, ~~or.~~

27 (iii) ~~in~~ *In* time of peace and because of a service-connected
28 disability was released from active ~~duty; and—~~

29 ~~(3) resides duty.~~

30 (C) *Resides* in the State on the current lien date.

31 ~~An~~

32 (2) (A) *An* unmarried person who owns property valued at
33 \$5,000 or more, or a married person, who, together with the
34 spouse, owns property valued at \$10,000 or more, is ineligible for
35 this exemption.

36 ~~If~~

37 (B) *If* the claimant is married and does not own property
38 eligible for the full amount of the exemption, property of the
39 spouse shall be eligible for the unused balance of the exemption.

(p) Property in the amount of \$1,000 of a claimant ~~who~~ *who meets all of the following conditions:*

(1) ~~is~~ *Is* the unmarried spouse of a deceased veteran who met the service requirement stated in ~~paragraphs (1) and (2) of subsection 3(o), and subparagraphs (A) and (B) of paragraph (1) of subdivision (o).~~

(2) ~~does~~ *Does* not own property in excess of \$10,000, ~~and.~~

(3) ~~is~~ *Is* a resident of the State on the current lien date.

(q) (1) Property in the amount of \$1,000 of a claimant ~~who~~

~~(1) is~~ *who meets all of the following conditions:*

(A) *Is* the parent of a deceased veteran who met the service requirement stated in ~~paragraphs (1) and (2) of subsection 3(o), and subparagraphs (A) and (B) of paragraph (1) of subdivision (o).~~ ~~and~~

~~(2) receives~~

(B) *Receives* a pension because of the veteran's ~~service, and~~

~~(3) is~~ *service.*

(C) *Is* a resident of the State on the current lien date.

~~Either~~

(2) (A) *Either* parent of a deceased veteran may claim this exemption.

~~An~~

(B) *An* unmarried person who owns property valued at \$5,000 or more, or a married person, who, together with the spouse, owns property valued at \$10,000 or more, is ineligible for this exemption.

(r) No individual residing in the State on the effective date of this amendment who would have been eligible for the exemption provided by the previous section 1¹/₄ of this article had it not been repealed shall lose eligibility for the exemption as a result of this amendment.

(s) *Commencing on January 1, 2003, any vehicle subject to registration under state law.*

Fourth—That Article XXIII is added thereto, to read:

Article XXIII

{C} Vehicle License Fee Elimination and Local Fiscal Relief

SECTION 1. On and after January 1, 2003, no vehicle license fee, or other tax in lieu of an ad valorem property tax, may be imposed on any vehicle.

1 SEC. 2. (a) For the year 2003 and each calendar year
2 thereafter, there shall be transferred from the Retail Sales Tax
3 Fund, or any successor fund, and deposited into the Local
4 Government Independence Fund, which is hereby created, an
5 amount equal to the amount of vehicle license fee revenues, other
6 than fees on trailer coaches and mobilehomes, that would have
7 been collected and allocated to cities and counties pursuant to
8 applicable statutes in force on January 1, 2002.

9 (b) No later than July 1 of the year 2003 and each calendar year
10 thereafter, the Department of Motor Vehicles shall calculate the
11 amount to be transferred pursuant to subdivision (a) for that
12 calendar year, and shall report that amount to the Department of
13 Finance, the Controller, and the Treasurer.

14 (c) The money in the Local Government Independence Fund is
15 hereby appropriated to the Controller for allocation exclusively to
16 counties and cities in the manner specified in the Vehicle License
17 Fee Law (Part 5 (commencing with Section 10701) of Division 2
18 of the Revenue and Taxation Code), as it applied on January 1,
19 2002. For purposes of this paragraph, allocations to counties and
20 cities include allocations to the Local Revenue Fund.

